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KFC Pizza Hut Delivery Pizza Hut Taco Bell

Sphera Franchise Group

Investor & Analyst Call

Q3 2021 Results

15.11.2021

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Therefore, the final results achieved may vary significantly from the forecasts, and the variations may be material.

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Welcome to SFG’s Q3 2021 Results Call

Calin Ionescu

CEO

Valentin Budes

CFO

Monica Eftimie

CMO

Zuzanna Kurek

IR

Sphera Franchise Group’s unaudited Q3 2021 results are available for download on our website: www.spheragroup.com.

The recording of this conference call will be available on our website shortly.

For any questions related to Sphera Franchise Group’s activity on the Bucharest Stock Exchange, please contact our IR team at: investor.relations@spheragroup.com.

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Agenda for today's call

1. 9M 2021 Highlights
2. Business updates from Q3 2021 & beyond
3. Brand performance
4. Q&A session
5. Annex: Key Q3 & 9M 2021 financials

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9M 2021 Highlights

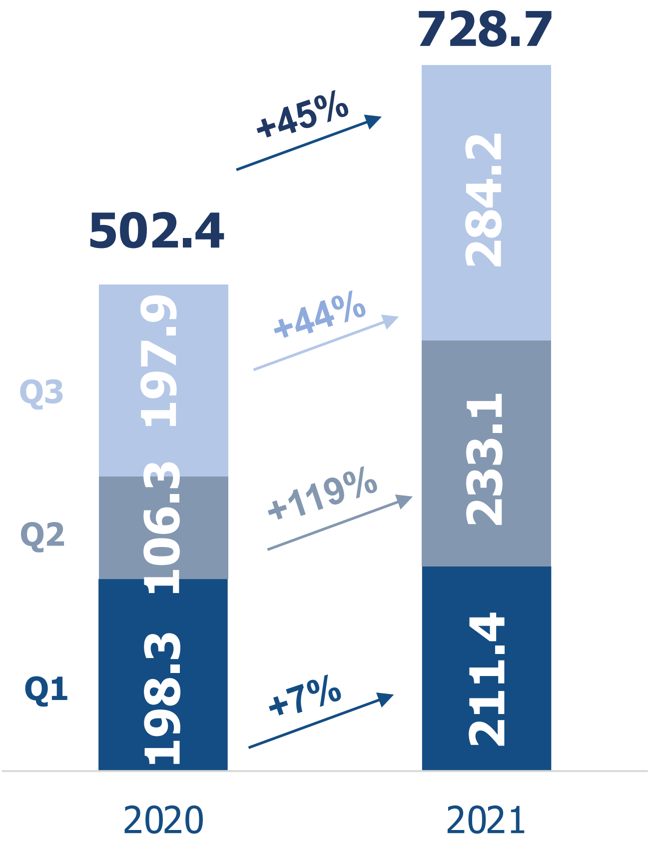
SFG Performance in 9M 2021

Data in RON'000	9M-21	9M-20	Y/Y %
Restaurant sales	**728,719**	**502,445**	**45.0%**
Restaurant expenses	657,909	467,620	**40.7%**
Restaurant operating profit	**70,810**	**34,825**	**103.3%**
General & Admin expenses. net	38,477	35,235	9.2%
EBITDA	**62,074**	**27,310**	**127.3%**
Normalized EBITDA*	**60,547**	**28,471**	**112.7%**
Operating Profit/(Loss)	**32,333**	**(411)**	
Finance costs	5,551	3,973	**39.7%**
Finance income	125	182	-31.3%
Profit/(Loss) before tax	26,908	(4,202)	
Income tax expense/(credit)	(2,923)	(1,045)	**179.6%**
Specific Tax	1,769	1,556	**13.7%**
Profit/(Loss) for the period	**28,062**	**(4,712)**	

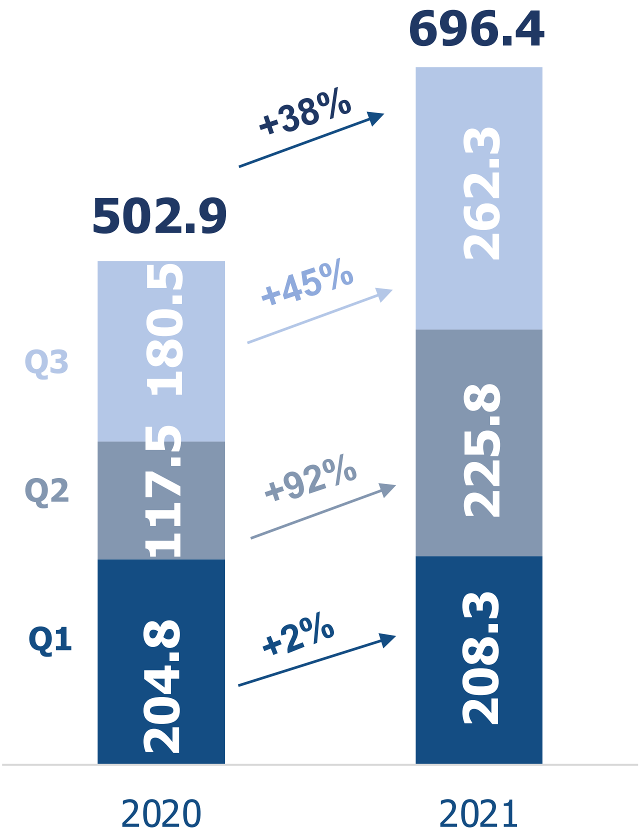
Results excl. IFRS16

- **Continued trend of QoQ increases:** Sphera Franchise Group closed Q3 2021 with record results, registering RON 284.2mn in consolidated sales, a 44% increase compared to Q3 2020. Strong Q3 contributed to improving 9M 2021 performance, of RON 729mn.
- **Solid increase of EBITDA:** Group ended Q3 2021 with EBITDA of RON 32.1mn, +21% (normalized EBITDA of RON 29.8mn, +11% YoY), gross profit of RON 20mn, +22%, and a bottom line of RON 22.9mn, +30%.
- **Controlled expenses:** Within the nine-month period, the Group managed to control restaurant expenses, registering a 41% YoY increase, RON 657.9mn. The food and material costs increased by 44%, payroll and employee benefits by 53%, rent by 24%, royalties by 49%, advertising by 51%. Depreciation and amortization, reached RON 27 million, in line with 9M 2020.
- **Growing aggregator fees offset as of Q3:** Other operating expenses continued to grow, reaching RON 99.3mn, driven primarily by a continued QoQ increase in the aggregator fees. In Q3 2021, the Group decided to offset part of these costs by increasing the prices of the products sold for delivery, thus mitigating a major part of the effect that the increasing sales on delivery had on the bottom line.
- **Lower share of G&A in sales generated:** The G&A expenses increased by 9% in 2021, reaching RON 38.5 million, approx. 2pp decrease as a share of sales generated.
- **From operating loss to net profit:** Group's operating result increased significantly, from operating loss of RON 0.4mn to operating profit of RON 32.3mn in 9M 2021. The net result for the first nine months of 2021 was RON 28.1mn, a significant increase compared to the net loss of RON 4.7mn registered for 9M 2020.

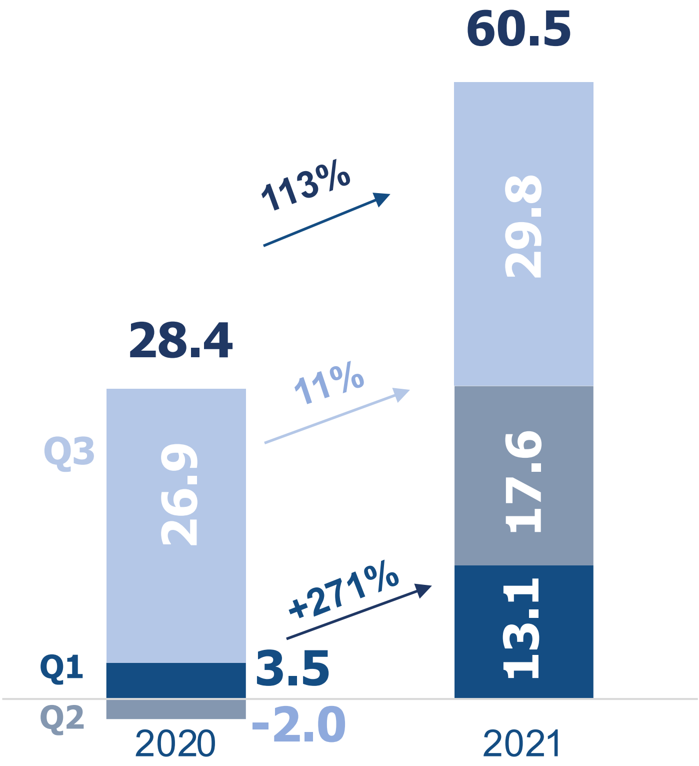
SFG 9M 2021 Performance



Restaurant Sales
in RON m



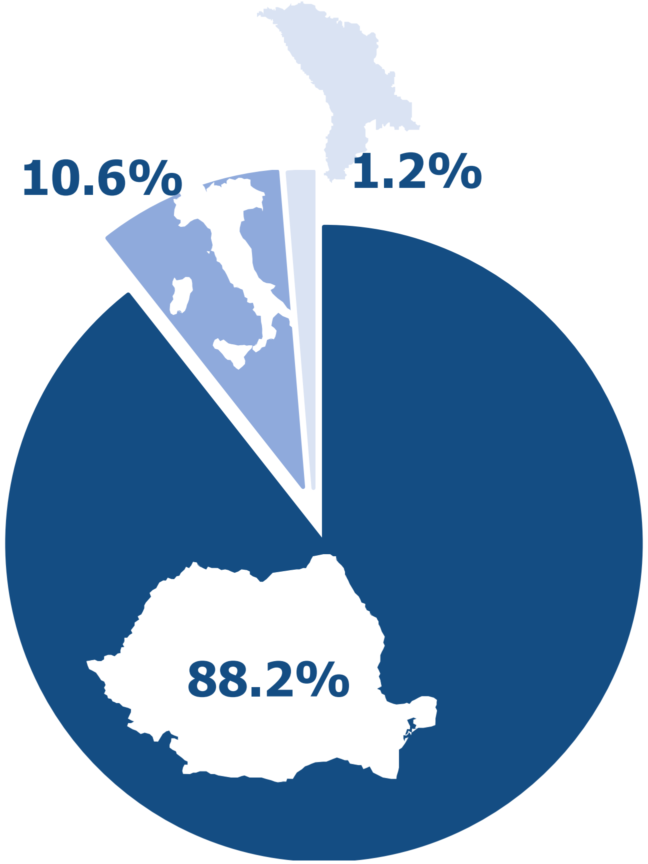
Expenses (Restaurant + G&A)
in RON m, excl. IFRS16



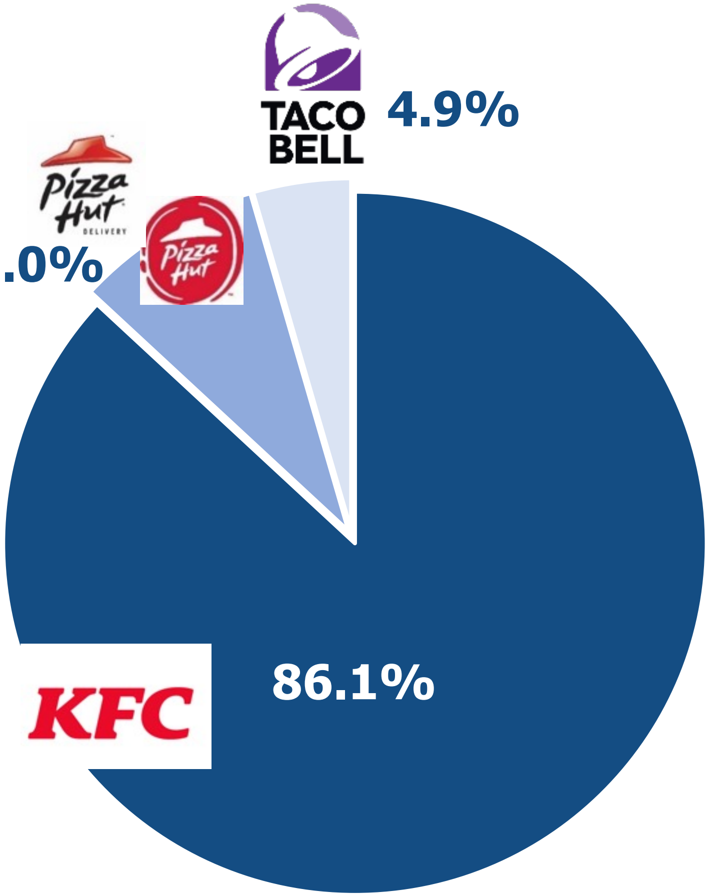
Normalized EBITDA
in RON m, excl. IFRS16

SFG 9M 2021 Performance breakdown

Contribution to 9M 2021 turnover



Per market



Per brand

Market evolution

- In Q3 2021, sales generated in Romania contributed with RON 247.9 milion (87%), Italy with RON 33.1(12%) million while Republic of Moldova reached historic heights with turnover of RON 3.2 milion (1%).
- Sales in Romania grew 46% in Q3 2021 vs. Q3 2020, in line with 9M evolution. Following the reopening of economy, sales in Italy grew 26% in Q3 2021 vs Q3 2020. 9M 2021 sales grew 36%. Moldova registered a 35% increase in Q3 2021 vs Q3 2020. 9M 2021 sales grew 54%.

Brand evolution

- In Q3 2021, KFC brought revenues in the total amount of RON 243.4mn (86%), Pizza Hut – RON 26.7mn (9%) and Taco Bell RON 14 mn (5%).
- KFC grew sales 46% in 9M 2021 compared to 9M 2020. USFN Romania closed 9M 2021 with restaurant operating profit of RON 74.5mn, UNFN Moldova with RON 1.4mn. Italy lowered the net loss.
- Pizza Hut increased sales 25% in 9M 2021 vs. 9M 2020. ARS registered restaurant operating profit of RON 1.5mn in 9M 2021.
- Taco Bell sales grew 75% compared to 9M 2020, with CFF closing 9M 2021 with restaurant operating profit of RON 0.8mn.

Business updates from Q3 2021 & beyond

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Facilities granted by the state, lease discounts

Facilities granted by the state

- **Technical unemployment:** No significant technical unemployment granted in Q3 2021 (RON 15K). In H1 2021 the Group registered RON 2.47mn in the technical unemployment indemnities: RON 1.27mn in Q1 2021 and RON 1.2mn in Q2 2021.
- **HORECA specific tax facility:** At the end of 2020, the Romanian government adopted the payment exemption regarding specific income tax due in 2021 by the economic operators from HoReCa sector, for a period of 90 days, starting from January 1st, 2021. On March 25th, the payment exemption was prolonged for another 90 days, starting with April 1st, 2021. The Group has posted specific income tax in amount of RON 1.2 million due for H1 2021, taking into consideration the total period of 180 days of exemption when calculating 2021 annual tax amount. The total impact of this measure on Sphera's result was a saving of estimated RON 2.3 million for the year 2021. On June 24th, Emergency Ordinance 59/2021 was published that stipulates that the payment of H1 specific tax is postponed to December 25, 2021.
- **HORECA aid in Romania:** On December 30th, 2020, Emergency Ordinance 224/30.12.2020 was published that stipulates that companies from HoReCa sector can apply for a state aid in the amount that represents 20% of the loss of turnover in 2020 compared to 2019, capped at EUR 800K at Group level. According to the notifications received from the authorities, the Group could be eligible for RON 2.6mn (USFN and ARS - RON 1.3mn each). The process is still on-going.

Leases

- **RON 3.26 million discounts in 9M 2021:** In Q3 2021, the Group benefitted from rent discounts of RON 0.5mn, out of which RON 335K were granted to USFN Italy and RON 158K to ARS. Paired with RON 1.25mn in discounts obtained in Q1 2021, and RON 1.52mn obtained in Q2 2021, in 9M 2021, the Group registered a saving in total amount of RON 3.26mn.

Updated 2021 Guidance

- **Green certificate:** In response to the low number of vaccinations in Romania, as of October 25th, 2021, the COVID-19 'Green Certificate' became mandatory for any indoor access, to public institutions, banks, restaurants, cinemas, gyms, and shopping malls. Since the introduction of the rules that only allow the entrance of persons with 'Green Certificate' in public indoor spaces, most of economic operators in the HoReCa and retail sectors, SFG included, have witnessed a decrease in sales due to lower foot traffic.

Indicator	2021 Updated Guidance		2021 Approved Budget		2021 Updated Guidance vs. 2021 Approved Budget	2020 Actual		2021 Updated Guidance vs. 2020 Actual	2021 Approved Budget vs. 2020 Actual
	RON millions	*% Sales*	*RON milions*	*% Sales*	*%*	*RON milions*	*% Sales*	*%*	*%*
Restaurant Sales	**1,010.7**	**100.0%**	**1,157.6**	**100.0%**	**-12.7%**	**710.8**	**100.0%**	**42.2%**	**62.9%**
Other income	**0.0**		**0.0**			**0.7**			
Food and Material	329.7	32.6%	379.5	32.8%	-13.1%	232.3	32.7%	41.9%	63.3%
Restaurant Gross Margin	**681.0**	**67.4%**	**778.1**	**67.2%**	**-12.5%**	**479.2**	**67.4%**	**42.1%**	**62.4%**
Restaurant Operational Expenses	559.4	55.3%	627.5	54.2%	-10.9%	390.3	54.9%	43.3%	60.8%
Restaurant Operating Profit	**121.6**	**12.0%**	**150.5**	**13.0%**	**-19.2%**	**88.9**	**12.5%**	**36.8%**	**69.3%**
G&A Expenses	49.2	4.9%	55.5	4.8%	-11.5%	44.8	6.3%	9.7%	23.9%
EBITDA (normalized, excluding IFRS 16 impact)	**72.4**	**7.2%**	**95.0**	**8.2%**	**-23.8%**	**44.1**	**6.2%**	**64.3%**	**115.5%**

- **Impact:** Considering the ongoing evolution of the pandemic, particularly on the main market of the Group's activity – Romania, the management of Sphera Franchise Group decided to inform the market about the new estimate for the consolidated 2021 results. Compared with the Approved Budget, the management is estimating a decrease in sales of 12.7%. This is a result of the limited capacity applied in the restaurants in Romania, as imposed by the authorities as well as the introduction of the 'Green Certificate', which is required when entering the restaurants and commercial centers.
- **Strong cashflow:** The Company will continue to maintain a strong financial profile and liquidity control. As of September 30th, 2021, the consolidated cash and cash equivalents of the Group totalled RON 110.4 million.

Development & Sales

Number of stores

- **164 restaurants operated:** SFG operated 164 restaurants as of 30.09.2021, out of which 143 based in Romania, 19 in Italy and 2 in Republic of Moldova.
- **3 new openings in Q3 2021:** In Q3 2021, SFG opened 3 new restaurants – a 24/7 drive-thru KFC Pallady, a Taco Bell restaurant at Arena Mall Bacau and a PHD in Bucharest Orhideea, the first Fast Casual Delivery restaurant. In October SFG opened 90th KFC restaurant in Romania, a drive-thru in Corbeanca.

Sales

- **In-store sales gained share in Q3 2021:** 24% of all orders (RON 68.7 million) were delivered in Q3 2021 by aggregators or using Sphera's own delivery capacity, registering a 5pp decrease QoQ in favour of in-store sales (however remaining stable and same as in Q2 2021 in terms of absolute value). The share of in-store sales increased due to good weather as well as lifting on indoor dining restrictions.
- **Price increase for delivery:** In line with other players in the market, in Q3 2021, the Group has decided to offset part of the aggregator costs by increasing the prices of the products sold for delivery, thus mitigating a major part of the negative effect that the increasing sales on delivery had on the bottom line.
- **Expectation for deliveries to grow in Q4 2021:** Since the introduction of the rules that only allow the entrance of persons with 'Green Certificate' in public indoor spaces, the Group expects the share of delivery to increase in Q4.

Marketing

KFC: Build sales through transactions

- KFC focused on building innovation for the summer and created new occasions to visit for our customers, successfully launching BoxMaster, a big-eat wrap; it also communicated core products in order to strengthen transactions, launching affordable boxes with a 10.9 lei price point.
- Value with a spin of product innovation was communicated for the back-to-school period by launching a non-spicy Strips recipe with an entry price point of 9 lei, maintaining the strong sales recovery trend the brand enjoyed in Q2.
- New growth layers were sustained by launching a new sauce in retail in a 325 g bottle, with the aim of improving the revenue stream started in 2018 by the retail version of our famous garlic sauce.

Pizza Hut: Regain lost visits

- To unlock new pizza territories and stay relevant to our clients, over the summer Pizza Hut introduced a new pizza innovation, Crown pizza, with the aim of attracting both new and lapsed users, the special crust with spreadable cheese inside being available in both dine-in and delivery stores.
- With the objective of improving transaction levels, the brand communicated "five-star deals" for the back-to-school period, offering disruptive value in dine-in with a 10.9 lei price point for any small pizza and abundant value in delivery with the well know Duo Mix, a 2 medium pizza bundle for 45 lei.

Taco Bell: Focus on brand trial

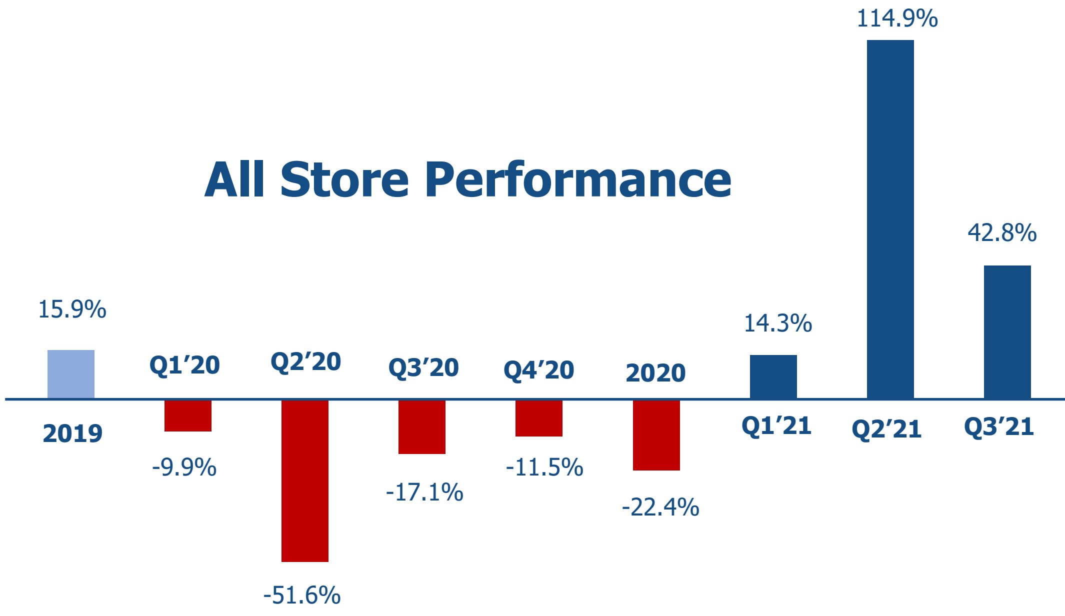
- Taco Bell concentrated its communication on innovation by launching new products at affordable prices, launching Cheesy Gordita Crunch and bringing in focus a fan favorite, Quesadilla, with the aim of creating favorability and differentiation from local competitors. and build deeper connection with consumers to grow the brand cult by communicating the core products as being our unique, creative, innovative iconic product.

Brand performance

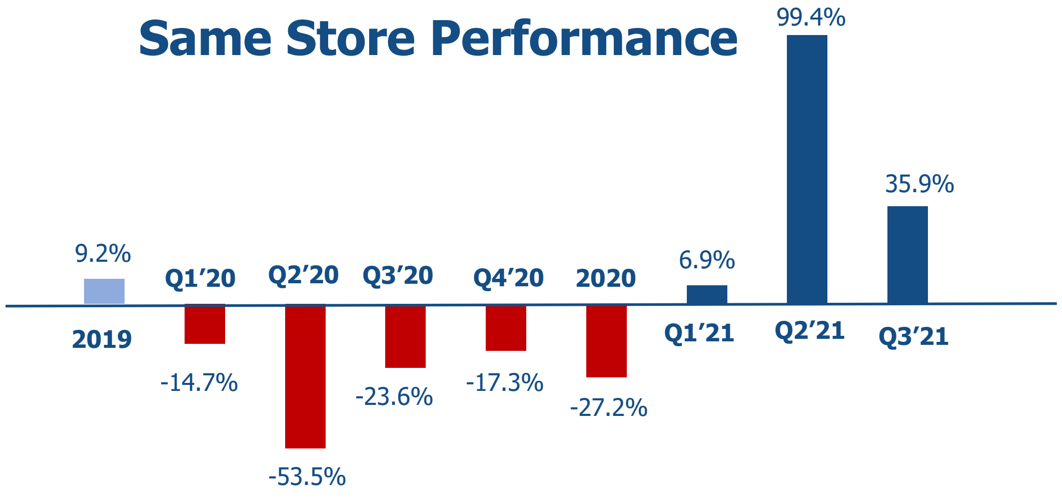
KFC Romania

- In Q3 2021, the KFC Romania all store performance results improved 43% YoY. The return of the indoor dining and good weather contributed to these results.
- Same-store performance of KFC Romania registered a 36% YoY.
- 23% of all orders at KFC Romania were made for delivery in Q3 2021, a 4pp QoQ decrease. In Romania, KFC delivers through own delivery fleet as well as through third-party courier services (aggregators).

All Store Performance



Same Store Performance

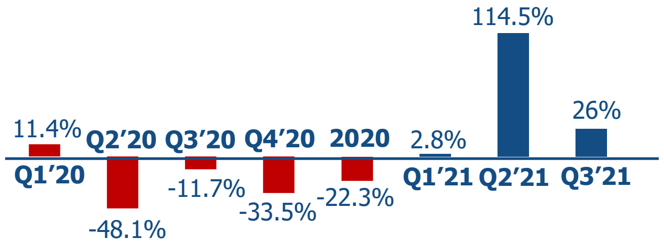


KFC Italy & KFC Republic of Moldova

KFC Italy

- Like-for-like performance in Italy in Q3 2021 grew 18% due to partial reopening of the local economy.
- New locations opened after 30.09.2020 helped improve performance even further, consequently all store performance grew 26%.
- USFN Italy performance was penalized by the COVID-19 restrictions heavily present in Q1 and Q2 2021, closing 9M 21 with a net loss for the period of RON 12.5mn, an improvement compared to the net loss of RON 17.5mn from 9M 2020. .
- 11% of orders in Q2 2021 were for delivery, 4pp QOQ decrease.

All Store Performance



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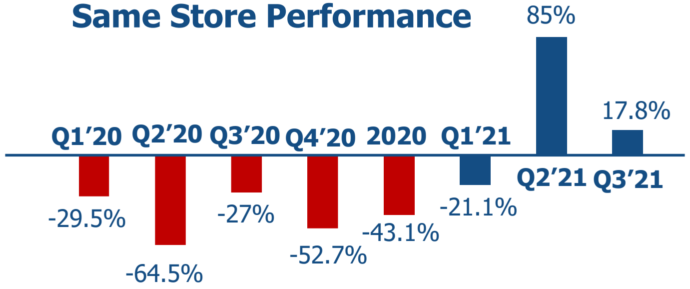
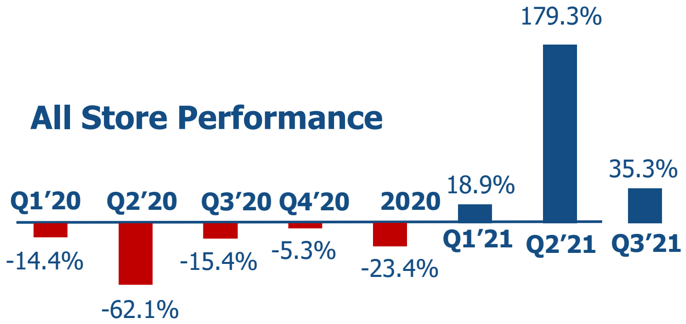


KFC Moldova

All Store Performance



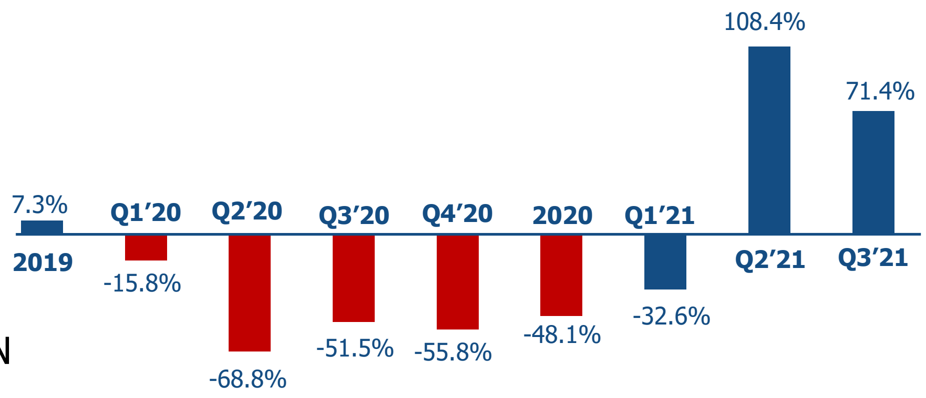
- Sales in the Republic of Moldova increased 35% in Q3 2021 compared to Q3 2020. Sales for delivery decreased 7pp, as in-store sales grew significantly.
- USFN Moldova closed the 9-month period with a restaurant operating profit of RON 1.4mn, a positive EBITDA of RON 1.4mn and a net result of RON 0.95mn.

Pizza Hut & Taco Bell

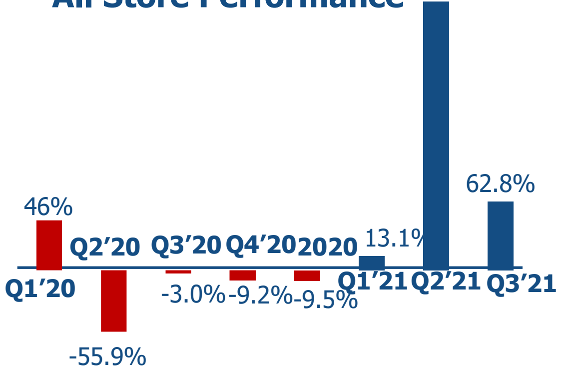
Pizza Hut

- After difficult period, Pizza Hut continued the positive trend in Q3 2021, growing sales 71% YoY increase in all store performance, despite a lower number of stores compared to the same period of last year.
- ARS continued to improve its bottom-line performance, registering another period of QoQ increases and ending 9 months period with a result improved by 50%, from net loss of RON 11.8mn registered in 2020, to net loss of RON 5.9 million.
- 42% of all orders were made for delivery in Q2 2021, a QoQ decline of 11pp.

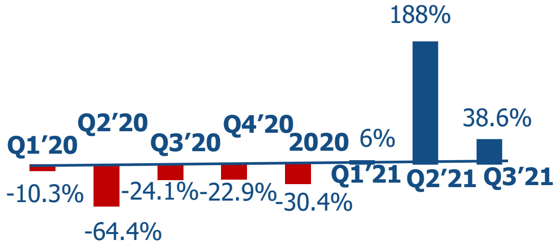
All Store Performance



All Store Performance



Same Store Performance



Taco Bell

- Taco Bell's same store performance in Q3 2021 registered a 63% increase YoY, while all-store performance saw 39% increase.
- CFF closed the 9-month period with a restaurant operating profit of RON 0.8 million, a positive EBITDA of RON 0.9 million and a net loss of RON -2.6 million
- 34% of all orders in Q1 2021 were for delivery, an 8pp QoQ decline.

Q&A session

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Annex: Key 9M 2021 financials

Summary of Q3 2021 Consolidated FS

Summary of interim Consolidated Financial Statements for Q3 (results excluding IFRS 16 Impact):

Data in RON'000	Q3-21	Q3-20	Y/Y % Q3-21/Q3-20	% of Sales Q3-21	% of Sales Q3-20	Δ%
Restaurant sales	**284,175**	**197,865**	**43.6%**			
Restaurant expenses	**249,201**	**169,717**	**46.8%**	**87.7%**	**85.8%**	**1.9%**
Food and material	92,706	63,726	45.5%	32.6%	32.2%	0.4%
Payroll and employee benefits	60,093	34,696	73.2%	21.1%	17.5%	3.6%
Rent	19,718	13,859	42.3%	6.9%	7.0%	-0.1%
Royalties	17,223	11,555	49.1%	6.1%	5.8%	0.2%
Advertising	15,261	9,006	69.5%	5.4%	4.6%	0.8%
Other operating expenses, net	34,857	28,063	24.2%	12.3%	14.2%	-1.9%
Depreciation and amortization	9,342	8,813	6.0%	3.3%	4.5%	-1.2%
Restaurant operating profit	**34,974**	**28,148**	**24.3%**	**12.3%**	**14.2%**	**-1.9%**
General & Admin expenses, net	13,057	10,788	21.0%	4.6%	5.5%	-0.9%
Operating Profit/(Loss)	**21,918**	**17,360**	**26.3%**	**7.7%**	**8.8%**	**-1.1%**
Finance costs	2,017	1,071	88.3%	0.7%	0.5%	0.2%
Finance income	83	94	-11.9%	0.0%	0.0%	0.0%
Profit/(Loss) before tax	**19,984**	**16,383**	**22.0%**	**7.0%**	**8.3%**	**-1.2%**
Income tax expense	(3,482)	(1,842)	89.1%	-1.2%	-0.9%	-0.3%
Specific tax expense	590	578	2.2%	0.2%	0.3%	-0.1%
Profit/(Loss) for the period	**22,876**	**17,647**	**29.6%**	**8.1%**	**8.9%**	**-0.9%**
EBITDA	32,067	26,538	20.8%	11.3%	13.4%	-2.1%
Normalized EBITDA*	**29,807**	**26,908**	**10.8%**	**10.5%**	**13.6%**	**-3.1%**

(*) EBITDA normalized to exclude the reversal of accrued penalties due to Pizza Hut Europe (Master Franchisor) for the restaurants committed to be opened in 2019 and postponed for the future periods, following the signing of the new Development Agreement.

Results excl. IFRS16

Summary of 9M 2021 Consolidated FS

Summary of interim Consolidated Financial Statements for 9M (results excluding IFRS16 impact):

Data in RON'000	9M-21	9M-20	Y/Y %	% of Sales		
			9M-21/9M-20	9M-21	9M-20	Δ%
Restaurant sales	**728,719**	**502,445**	**45.0%**			
Restaurant expenses	**657,909**	**467,620**	**40.7%**	**90.3%**	**93.1%**	**-2.8%**
Food and material	236,241	164,520	43.6%	32.4%	32.7%	-0.3%
Payroll and employee benefits	162,290	106,011	53.1%	22.3%	21.1%	1.2%
Rent	53,668	43,154	24.4%	7.4%	8.6%	-1.2%
Royalties	43,712	29,439	48.5%	6.0%	5.9%	0.1%
Advertising	35,348	23,435	50.8%	4.9%	4.7%	0.2%
Other operating expenses, net	99,295	74,477	33.3%	13.6%	14.8%	-1.2%
Depreciation and amortization	27,355	26,585	2.9%	3.8%	5.3%	-1.5%
Restaurant operating profit	**70,810**	**34,825**	**103.3%**	**9.7%**	**6.9%**	**2.8%**
General & Admin expenses, net	38,477	35,235	9.2%	5.3%	7.0%	-1.7%
Operating Profit/(Loss)	**32,333**	**(411)**		**4.4%**	**-0.1%**	
Finance costs	5,551	3,973	39.7%	0.8%	0.8%	0%
Finance income	125	182	-31.3%	0.0%	0.0%	0%
Profit/(Loss) before tax	**26,908**	**(4,202)**		**3.7%**	**-0.8%**	
Income tax expense	(2,923)	(1,045)	179.6%	-0.4%	-0.2%	
Specific Tax	1,769	1,556	13.7%	0.2%	0.3%	-0.1%
Profit/(Loss) for the period	**28,062**	**(4,712)**		**3.9%**	**-0.9%**	
EBITDA	62,074	27,310	127.3%	8.5%	5.4%	3.1%
Normalized EBITDA*	**60,547**	**28,471**	**112.7%**	**8.3%**	**5.7%**	**2.6%**

(*) For the 9M period ended September 30th, 2021, EBITDA was normalized to exclude the reversal of accrued penalties due to Pizza Hut Europe (Master Franchisor) for the restaurants committed to be opened in 2019 and postponed for the future periods, following the signing of the new Development Agreement.

Summary of 9M 2021 Consolidated FS

(with and without IFRS 16 impact)

Summary of interim Consolidated Financial Statements for 9M – results and evolution presented with and without IFRS16 impact

Data in RON'000	9M-21	9M-21	9M-20	9M-20	Change (%)	
	1	2	1	2	9M-21/ 9M-20 (1)	9M-21/ 9M-20 (2)
Restaurant sales	**728,719**	**728,719**	**502,445**	**502,445**	**45.0%**	**45.0%**
Restaurant expenses	**657,132**	**657,909**	**464,129**	**467,620**	**41.6%**	**40.7%**
Food and material	236,241	236,241	164,520	164,520	43.6%	43.6%
Payroll and employee benefits	162,290	162,290	106,011	106,011	53.1%	53.1%
Rent	13,005	53,668	3,085	43,154	321.6%	24.4%
Royalties	43,712	43,712	29,439	29,439	48.5%	48.5%
Advertising	35,348	35,348	23,435	23,435	50.8%	50.8%
Other operating expenses, net	99,295	99,295	74,230	74,477	33.8%	33.3%
Depreciation and amortization	67,241	27,355	63,410	26,585	6.0%	2.9%
Restaurant operating Profit / (Loss)	**71,587**	**70,810**	**38,316**	**34,825**	**86.8%**	**103.3%**
General & Admin expenses, net	38,060	38,477	35,025	35,235	8.7%	9.2%
Operating Profit/(Loss)	**33,527**	**32,333**	**3,292**	**(411)**	**918.5%**	
Finance costs	14,417	5,551	13,953	3,973	3.3%	39.7%
Finance income	125	125	182	182	-31.3%	-31.3%
Profit/(Loss) before tax	**19,236**	**26,908**	**(10,479)**	**(4,202)**		
Income tax expense/(credit)	(3,667)	(2,923)	(1,338)	(1,045)	174.1%	179.6%
Specific tax	1,769	1,769	1,556	1,556	13.7%	13.7%
Profit/(Loss) for the period	**21,133**	**28,062**	**(10,697)**	**(4,712)**		
EBITDA	105,322	62,074	70,092	27,310	50.3%	127.3%
Normalized EBITDA*	**103,795**	**60,547**	**71,253**	**28,471**	**45.7%**	**112.7%**

Notes: (1) Including the impact of the adoption of IFRS 16; (2) Excluding the impact of the adoption of IFRS 16.
(*) Normalized EBITDA – excludes the reversal of accrued penalties from franchisor for postponed development of Pizza Hut restaurants in 2019, following the signing of the new Development Agreement.

Breakdown of 9M 2021 results by entity

Breakdown of consolidated results by Group companies – 9M-2021 (excluding IFRS 16 Impact):

	9M-21							
Data in RON'000	**USFN (RO)**	**ARS**	**USFN (MD)**	**USFN (IT)**	**CFF**	**SFG**	**Cons, Adj,**	**SFG Cons**
Restaurant sales	**541,312**	**65,302**	**8,820**	**77,269**	**36,022**	**22,400**	**(22,406)**	**728,719**
Dividend revenue	-	-	-	-	-	**37,525**	**(37,525)**	**-**
Restaurant expenses	466,849	63,818	7,446	84,871	35,218		(293)	**657,909**
Food and material	181,723	17,513	3,644	21,931	11,430	-	-	236,241
Payroll and employee benefits	111,385	18,212	1,214	23,067	8,411	-	-	162,290
Rent	37,983	6,281	510	5,968	2,927	-	-	53,668
Royalties	32,694	3,844	529	4,640	2,006	-	-	43,712
Advertising	25,028	3,484	342	4,749	2,013	-	(269)	35,348
Other operating expenses	63,900	11,481	981	16,539	6,402	-	(8)	99,295
Depreciation	14,136	3,003	226	7,977	2,028	-	(16)	27,355
Restaurant operating profit/(loss)	**74,463**	**1,484**	**1,374**	**(7,602)**	**804**	**59,926**	**(59,639)**	**70,810**
G&A expenses	22,240	5,861	223	6,625	2,031	23,512	(22,015)	38,477
Operating profit/(loss)	**52,223**	**(4,377)**	**1,151**	**(14,227)**	**(1,227)**	**36,413**	**(37,624)**	**32,333**
Finance costs	3,936	952	56	1,987	1,246	1,357	(3,983)	5,551
Finance income	3,030	6	-	0	-	1,072	(3,983)	125
Profit/(Loss) before tax	**51,318**	**(5,323)**	**1,095**	**(16,213)**	**(2,473)**	**36,129**	**(37,624)**	**26,908**
Income tax expense/(credit)	625	25	147	(3,724)	-	3	-	(2,923)
Specific tax expense	1,115	510	-	-	144	-	-	1,769
Profit/(Loss) for the period	**49,578**	**(5,858)**	**948**	**(12,490)**	**(2,618)**	**36,126**	**(37,624)**	**28,062**
EBITDA	67,490	(790)	1,404	(6,141)	868	36,886	(37,643)	62,074
Normalized EBITDA*	**67,490**	**(2,316)**	**1,404**	**(6,141)**	**868**	**36,886**	**(37,643)**	**60,547**

Results excl. IFRS16

Overview of the 9M 2021 G&A expenses

(with and without IFRS 16 impact)

	Data in RON '000				Change (%)		Percentage of sales			
	9M-21	9M-21	9M-20	9M-20			9M-21	9M-21	9M-20	9M-20
	(1)	(2)	(1)	(2)	2021/ 2020 (1)	2021/ 2020 (2)	(1)	(2)	(1)	(2)
General and administration (G&A) expenses, net	**38,060**	**38,477**	**35,025**	**35,235**	**8.7%**	**9.2%**	**5.2%**	**5.3%**	**7.0%**	**7.0%**
Payroll and employee benefits	24,297	24,297	21,972	21,972	10.6%	10.6%				
Third-party services	4,075	4,075	4,702	4,702	-13.3%	-13.3%				
Depreciation and amortization	4,554	2,386	3,391	1,136	34.3%	110.1%				
Rent	233	2,818	86	2,551	171.5%	10.4%				
Banking charges	2,910	2,910	2,090	2,090	39.3%	39.3%				
Transport	553	553	760	760	-27.2%	-27.2%				
Other*	1,437	1,437	2,025	2,025	-29.0%	-29.0%				

Note: (1) Including the impact of the adoption of IFRS 16; (2) Excluding the impact of the adoption of IFRS 16.

**Other expenses include maintenance & repairs, smallware, insurance, advertising, phone & postage, miscellaneous expenses.*

Thank you for joining!

Sphera Franchise Group's unaudited Q3 2021 results are available for download our website: www.spheragroup.com.

The recording of this conference call will be available on our website shortly.

For any questions related to Sphera Franchise Group's activity on the Bucharest Stock Exchange, please contact our IR team at: investor.relations@spheragroup.com.

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